

## Message Text

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PAGE 01 STATE 060395 POSS DUPE  
ORIGIN COME-00

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R 090150Z MAR 78  
FM SECSTATE WASHDC  
TO AMEMBASSY MBABANE  
AMEMBASSY PRETORIA  
AMEMBASSY GABORONE  
AMEMBASSY JOHANNESBURG

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E.O. 11652: N/A

TAGS: BENC, WZ

SUBJECT: MAJOR PROJECTS: COAL PROCESSING FOR SWAZILAND

REF: A) 77 MBABANE 1935, B) 77 STATE 209491,  
C) 77 MBABANE 2547, D) 77 MBABANE 0465, E) 77 MBABANE 0565

1. AS EMBASSY PROBABLY AWARE, COAL GASIFICATION  
TECHNOLOGY HAS BEEN APPLIED ON A COMMERCIAL SCALE IN ONLY  
A FEW COUNTRIES, SUCH AS SOUTH AFRICA. NO COUNTRY PRESENTLY  
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PRODUCES HIGH-BTU GAS FROM COAL ON COMMERCIAL SCALE. OUR  
DEPARTMENT OF ENERGY HAS BEEN FUNDING RESEARCH IN THIS AREA  
AND A FEW PILOT PROJECTS ARE IN OPERATION IN THE U.S.  
THERE ARE PLANS TO INSTALL DEMONSTRATION-SCALE PLANTS IN  
THE NEAR FUTURE, BUT FULL COMMERCIALIZATION IS A  
LONG WAY OFF.

THE WEST GERMANS AND SOUTH AFRICANS HAVE HAD SOME SUCCESS IN LARGE-SCALE PRODUCTION OF LOW AND MEDIUM BTU COAL-GAS, AND MORE RECENTLY A NUMBER OF U.S. CONCERNS HAVE DEVELOPED TECHNOLOGY IN THIS FIELD. HOWEVER, PRODUCTION ON A COMMERCIAL SCALE INVOLVES VERY HIGH CAPITAL COSTS AND LOW-BTU GAS CANNOT BE TRANSPORTED ECONOMICALLY OVER SIGNIFICANT DISTANCES. THEREFORE, A CONCENTRATION OF

END-USERS MUST BE PRESENT NEAR SITE OF COAL-GAS PRODUCTION FOR SUCH AN UNDERTAKING TO BE FEASIBLE.

2. FOR ABOVE REASONS, GIVEN LIMITED LOCAL INDUSTRIALIZATION IN SWAZILAND, AND INFO REFS B AND C FROM WHICH WE INFERRED THAT FINANCING WOULD BE DIFFICULT AND THE SWAZIS MOST LIKELY WERE LOOKING FOR FOREIGN INVESTMENT IN THIS AREA, WE DID NOT FEEL THAT THE GENERAL INQUIRY REF A WOULD GENERATE VERY MUCH INTEREST ON PART OF U.S. FIRMS. NONETHELESS, COMMERCE/MEPD DID NOTIFY MAJOR ENGINEERING COMPANIES WITH COAL PROCESSING EXPERTISE, INCLUDING FIRMS WHICH HAVE ENGAGED IN GASIFICATION RESEARCH AND DEVELOPMENT. AT THAT TIME WE DID NOT RECEIVE ANY SOLID EXPRESSIONS OF INTEREST.

3. UPON RECEIPT OF ADDITONAL INFO CONTAINED REF D, WE AGAIN NOTIFIED SAME FIRMS AND COMMERCE/OPIOS NOTIFYING OPERATORS THIS FIELD. MEPD ALSO BEGAN CALLING SELECTED LIMITED OFFICIAL USE

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FIRMS TO BETTER ASSESS OPPORTUNITY THAT MIGHT EXIST IN IN SWAZILAND.

4. SOME OF ENGINEERING FIRMS ARE RECEPTIVE TO APPROACH OF PERFORMING FEASIBILITY STUDY OR OTHER CONSULTING/DESIGN WORK FOR SWAZIS. EMBASSY MIGHT DISCUSS WITH SWAZIS THE POSSIBILITY OF CONTRACTING WITH U.S. CONSULTANT IN THIS FIELD, AS WOULD BE PRUDENT APPROACH TO OBTAIN ADVICE ON ALTERNATIVES FOR EXPLOITATION AND PROCESSING OF COAL AND MOST VIABLE PLAN FOR SWAZILAND BEFORE INVESTING IN ANY ONE COURSE OF ACTION. FOLLOWING FIRMS HAVE INDICATED INTEREST IN SUPPLYING SERVICES OF THIS NATURE, AND OTHERS MAY BE RESPONSIVE IF SWAZIS ARE RECEPTIVE TO IDEA OF CONTRACTING FOR ENGINEERING SERVICES:

1) BECHTEL NATIONAL INC.  
P.O. BOX 3965  
SAN FRANCISCO, CA. 94119  
ATTENTION: MR. ALLEN G. RUBIN  
(COMPANY OFFERS FULL RANGE OF DESIGN AND CONSTRUCTION

SERVICES IN MINING, TRANSPORTATION, PROCESSING AND  
COAL-GASIFICATION)

2) KING WILKINSON CO.  
3701 KIRBY DRIVE  
HOUSTON, TEX. 77098  
ATTENTION: MR. PAUL THERIOT

(COMPANY OFFERS CONSULTING, DESIGN AND PROJECT  
MANAGEMENT SERVICES, PRIMARILY IN HYDROCARBON PROCESSING  
FIELD, AND HAS COAL-GASIFICATION EXPERIENCE)

3) FOSTER WHEELER CORP.  
1701 PENNSYLVANIA AVENUE, NW  
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WASHINGTON, D.C. 20006  
ATTENTION: DAVID LU  
(COMPANY OFFERS FULL RANGE OF DESIGN AND CONSTRUCTION  
SERVICES IN ENERGY AND HYDROCARBONS FIELDS AND IS  
HEAVILY INVOLVED IN COAL-GASIFICATION)

IF SWAZIS INTERESTED IN OBTAINING EXPERTISE FOR MINING  
OPERATIONS, A LARGER NUMBER OF FIRMS MIGHT RESPOND.

5. MEPD HAS ALSO IDENTIFIED SEVERAL FIRMS WHO COULD  
SUPPLY ON TURNKEY BASIS SMALL-SCALE LOW-BTU GASIFIERS  
WHICH COULD PROVIDE ON-SITE FUEL FOR INDIVIDUAL END-  
USERS, SUCH AS PULP PLANT MENTIONED REF D. DIFFERENT  
GASIFIERS ARE AVAILABLE ON SCALE OF FROM ABOUT 10 MMBTU/HR  
UP TO ABOUT 90 MMBTU/HR, AND SEVERAL GASIFIERS CAN BE  
GROUPED TOGETHER AT A SITE FOR HIGHER PRODUCTION.  
FOLLOWING FIRMS ARE INTERESTED:

1) FOSTER-WHEELER PER ABOVE

2) ACUREX CORP.  
C/O MR. KIM CLARKE  
485 CLYDE AVENUE  
MOUNTAIN VIEW, CA. 94042

3) APPLIED TECHNOLOGY CORP.  
C/O MR. GREG BREWER  
P. O. BOX 27125  
HOUSTON, TEX. 77027

4) MASON AND HANGER  
C/O MR. LOUIS SNEDDEN  
1500 W. MAIN  
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LEXINGTON, KY. 40505

5) BABCOCK CONTRACTORS, INC.

C/O MR. J. L. KINTIGH  
921 PENN AVENUE  
PITTSBURGH, PA. 15222

ALL OF ABOVE ARE ENGINEERING FIRMS WHO COULD ALSO SUPPLY

CONSULTING SERVICES ON THIS TYPF OF PROJECT.

6. NAMES OF ALL FIRMS MENTIONED ABOVE MAY BE PASSED TO SWAZI AUTHORITIES. COMPANIES HAVE ASKED FOR NAME AND ADDRESS OF APPROPRIATE OFFICIAL IN SWAZILAND SO THAT THEY MAY CONTACT HIM DIRECTLY. EMBASSY SHOULD NOTE THAT NONE OF FIRMS WOULD LIKELY BE POTENTIAL INVESTORS AND FINANCING MAY STILL BE A PROBLEM.

7. WE WOULD ALSO LIKE ADDITIONAL INFO SO THAT WE MAY GET A BETTER PICTURE OF THE OPPORTUNITY THAT MIGHT EXIST IN SWAZILAND. WHAT ARE CHARACTERISTICS OF SWAZI COAL, I.E. B. T. U. -CONTENT, GRADE, IMPURITIES, SWELL-INDEX, ETC.? HOW NEAR TO SURFACE ARE DEPOSITS? WHY ARE SWAZIS INTERESTED IN PROCESSING AS OPPOSED TO EXPORT OR DIRECT BURNING? WHAT DO THEY HAVE IN MIND AS USE FOR COAL-GAS? WHAT LOCAL INDUSTRIES MIGHT USE COAL-GAS AND WHAT ARE THEIR CURRENT SOURCES OF ENERGY? WHAT WOULD BE POLITICAL OR ECONOMIC CONSIDERATION IN CONNECTION WITH SOUTH AFRICA? CAN EMBASSY SUPPLY US WITH NAME OF USGS GEOLOGIST WHO SUGGEST GASIFICATION SO THAT WE MAY CONFER WITH HIM? VANCE

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**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
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**TAGS:** BENC, WZ  
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**Type:** TE  
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